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Extending the Office of
the War Assets...

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[Washington, D.C.]

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[1949]

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administrator and the War assets administration
from Feb. 28, 1949, until June 30, 1949.
Report (to accompany H. R. 2402) Washington,
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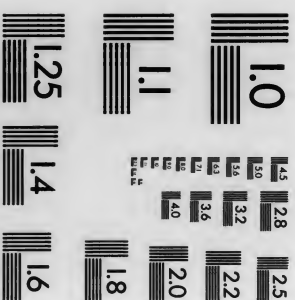
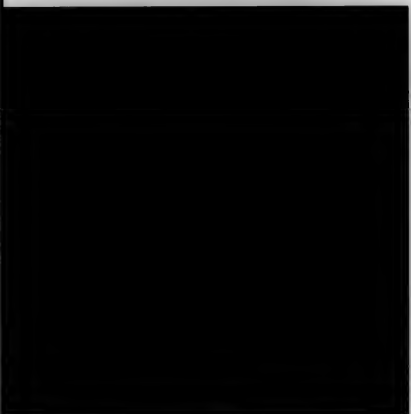
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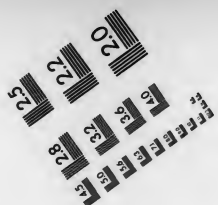
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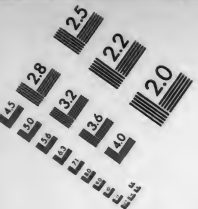
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U. S. Congress

EXTENDING THE OFFICE OF THE WAR ASSETS
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U.S. Cong. House. Committee on Expenditures
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Extending the Office of the War
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EXTENDING THE OFFICE OF THE WAR ASSETS ADMINIS-
TRATOR AND THE WAR ASSETS ADMINISTRATION
FROM FEBRUARY 28, 1949, UNTIL JUNE 30, 1949

FEBRUARY 9, 1949.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

MR. DAWSON, from the Committee on Expenditures in the Executive
Department, submitted the following

REPORT

[To accompany H. R. 2402]

The Committee on Expenditures in the Executive Departments, to
whom was referred the bill (H. R. 2402) extending the Office of the
War Assets Administrator and the War Assets Administration from
February 28, 1949, until June 30, 1949, having considered the same,
report favorably thereon without amendment and recommend that
the bill do pass.

GENERAL STATEMENT

The purpose of this bill is to extend the Office of the War Assets
Administrator and the War Assets Administration from February 28,
1949, to June 30, 1949.

During the last session of the Eightieth Congress, legislation was
recommended by the President to provide for an over-all permanent
property management agency. During this session, the estimate for
the operation of the War Assets Administration in the fiscal year 1949
was not approved in the form submitted. The Supplemental Inde-
pendent Offices Appropriation Act, 1949 (Public Law 862), provided
\$65,000,000 of the \$106,000,912 requested and required that the
amount be apportioned during the first 8 months of the fiscal year
1949. Public Law 862 further directed that the War Assets Adminis-
tration and the office of the War Assets Administrator be abolished on
February 28, 1949, and the remaining surplus property be trans-
ferred to the Reconstruction Finance Corporation, the Department of
the Air Force, and the Treasury Department.

The War Assets Administration has proceeded in its preparation to
meet the requirements of the law. In the budget message recently

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transmitted to the Congress, the President urged the early enactment of permanent property-management legislation. Such legislation is being prepared for submission to the Congress. Upon enactment of the legislation proposed by the President, the remaining functions of the War Assets Administration would be transferred to the single property-management agency, rather than distributed among several different agencies. In view of the pending legislation it is believed that the provision of Public Law 862, providing for the three-way split of remaining surplus property, would hamper a smooth transition to a single, permanent property-management agency, and it is believed that the purposes of economy and efficiency could be better served by retaining such functions under one agency, as is now the case, until such permanent legislation can be enacted.

The supplemental appropriation estimate, together with language which would extend the War Assets Administration until June 30, 1949, or such earlier date as might be established by legislation, was submitted to the Speaker of the House by the President on January 24, 1949. Subsequently the Deficiency Subcommittee of the House Appropriations Committee held hearings and recommended approval to the House Appropriations Committee of the language and an appropriation of funds as asked by the President. Due to other controversial matters contained in the bill, which do not relate to War Assets Administration, enactment may be delayed beyond February 28, 1949. Should this occur, a number of serious problems will arise, a few of which are:

(1) The War Assets Administration is responsible for protection and maintenance of over 1,300 surplus real properties, representing more than \$2,000,000,000 in acquisition cost. Effective March 1, 1949, this operation will cease, leaving these properties unprotected except by local law enforcement agencies.

(2) Contractual and other relationships with purchasers of surplus property will be jeopardized. There will remain on March 1 an estimated \$37,500,000 of personal property, consisting of 47,000 tons, which had been sold but not delivered to the purchasers. All such property would remain undelivered and unprotected. Actions to adjudicate a substantial number of pending claims and to collect sizable accounts receivables due the Government will terminate.

(3) Disposal actions on the remaining 2.3 billion dollars of surplus property in WAA inventory as of February 28, 1949, will cease.

(4) The liquidation of the surplus property disposal program, involving such matters as the final audit and the reconciliation of accounts and the preservation and retirement of records, will be substantially delayed.

(5) The orderly transfer of the remaining functions of the War Assets Administration to a single property management agency, as proposed by the President, will be a more costly and complicated process if these functions are divided among four agencies effective February 28, 1949, as provided in Public Law 862.

(6) No action has been taken to provide funds to the receiving agencies to take care of this property if it were transferred.

Under the existing law, the Reconstruction Finance Corporation, in the absence of further legislation between now and March 1, would take over on that date the functions and responsibilities of the War Assets Administrator and the War Assets Administration with respect

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to the disposal of the remaining real property and related personal property in the inventory of the War Assets Administration as of February 28, 1949. While the RFC, with the cooperation of the War Assets Administration and of the Bureau of the Budget, has been making appropriate plans and taking all possible steps to enable it to assume these functions and responsibilities, we are convinced that the over-all interests of the Government at this time would be best served by continuation of War Assets Administration as an agency and the continuation of the Office of War Assets Administrator with all of the responsibilities for the disposal of surplus property conferred upon that office by the Surplus Property Act of 1944, as amended, until such time as legislation for the creation of a property management agency has been considered by Congress.

Prior to enactment of this law, RFC expressed opposition to the enactment of those portions of the legislation dealing with surplus property disposal, stating objections to and the disadvantages of the proposed transfer of the functions of the War Assets Administration to various agencies of the Government, particularly the transfer of real property disposal to RFC, giving the following reasons:

1. Nothing of a conclusive character can be accomplished by the abolition of the War Assets Administration and the distribution of its functions among other agencies, if there are no changes made in the substantive law (Surplus Property Act of 1944, as amended) pertaining to the disposition of surplus war property.

2. The history of surplus war property disposal since World War II proves that frequent changes in the designation of disposal agencies and the transfer of disposal functions from time to time have interrupted disposal activities and delayed completion of the disposal program.

3. Reconstruction Finance Corporation is essentially a lending agency and, except for recent planning for the assumption on March 1, 1949, pursuant to Public Law 862, of the real property disposal functions of War Assets Administration, this Corporation, for the past 1½ years, has directed its planning and efforts toward the early liquidation of all except its lending activities. (In this connection, the total number of employees of the Corporation in the Washington office engaged in war activity functions has been reduced from approximately 2,970 as of July 1, 1947, to 159 as of the present time, with anticipated further reductions of personnel engaged in this activity to less than 100 by June 30, 1949. The number of employees in the field has been reduced in approximately the same ratio.)

4. Transfer of real property disposal functions to Reconstruction Finance Corporation for a temporary period pending the enactment of a comprehensive Federal property bill would be uneconomical, would serve no constructive purpose, would interrupt the orderly disposal of surplus property, and would slow down the surplus property disposal program.

5. Furthermore, no legislation of any kind has been enacted by or even introduced in the Congress to provide funds needed to carry on the functions transferred to Reconstruction Finance Corporation and the other agencies to which the various disposal functions of War Assets would be transferred by Public Law 862.

For these reasons and in consideration of the fact that only a few legislative days remain between now and the termination of War

Assets Administration, as set forth in Public Law 862, we recommend the enactment of H. R. 2402. If the Congress enacts this bill and it becomes a public law, the War Assets Administration can carry out its functions until the deficiency bill can be enacted.

Attached hereto and made a part of this report are letters from the Bureau of the Budget and the War Assets Administration.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., February 9, 1949.

HON. WILLIAM L. DAWSON,
Chairman, Committee on Expenditures in the Executive Departments,
House of Representatives, Washington 25, D. C.

MY DEAR MR. DAWSON: This is in reply to your verbal request of February 8, 1949, for comments on H. R. 2402, a bill to extend the Office of War Assets Administrator and the War Assets Administration from February 28, 1949, until June 30, 1949. The purpose of the bill is to extend the life of the War Assets Administration until June 30, 1949, or until such earlier time as the Congress may enact permanent property-management legislation.

The President, in his budget message recently transmitted to the Congress, has urged enactment of permanent property-management legislation, as he did in the last session of the Congress. It was also pointed out that the remaining functions of the War Assets Administration should be transferred to the single property-management agency created by such legislation, rather than to be distributed among several different agencies.

An estimate of appropriation to provide for the deferment of the termination date and for operation of the War Assets Administration during the 4-month period from February 28 to June 30, 1949, was submitted to the Congress by the President on January 24, 1949. It now appears that there may not be time enough in which to enact the necessary appropriation language by February 28, the date on which the War Assets Administration would be abolished and its functions and property split between several agencies in conformity with the provisions of Public Law 862 (80th Cong.).

You are advised that the enactment of the bill would be in accord with the program of the President.

Sincerely yours,

F. J. LAWTON, Assistant Director.

WAR ASSETS ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR,
Washington, D. C., February 6, 1949.

HON. WILLIAM L. DAWSON,
Chairman, Committee on Expenditures in the Executive Departments,
House of Representatives, Washington 25, D. C.

DEAR MR. DAWSON: Reference is made to your request of February 4, 1949, for comments on draft bill to extend the office of War Assets Administrator and War Assets Administration from February 28, 1949, until June 30, 1949. The purpose of the bill is to extend the life of the War Assets Administration until June 30, 1949, or until such earlier time as the Congress may enact permanent property legislation.

During the last session of the Eightieth Congress, legislation was recommended by the President to provide for an over-all permanent property management agency. While the legislation received favorable attention by the Senate Expenditures Committee and was subsequently reported to the Senate, it failed of enactment. Also during this session of the Eightieth Congress, the estimate for the operation of the War Assets Administration in the fiscal year 1949 was not approved in the form submitted. The Supplemental Independent Offices Appropriation Act, 1949 (Public Law 862), provided \$65,000,000 of the \$106,912,000 requested and required that the amount be apportioned during the first 8 months of the fiscal year 1949. Public Law 862 further directed that the War Assets Administration and the office of War Assets Administrator be abolished on Feb-

ruary 28, 1949, and the remaining surplus property be transferred to the Reconstruction Finance Corporation, the Department of the Air Force, and the Treasury Department.

The War Assets Administration has proceeded in its preparations to meet the requirements of Public Law 862. However, in the budget message recently transmitted to the Congress, the President again urged the early enactment of permanent property management legislation, and such legislation is now being prepared for submission to the Congress. Upon enactment of the legislation proposed by the President, the remaining functions of the War Assets Administration would be transferred to this single property management agency, rather than distributed among several different agencies. In view of this impending legislation it is believed that the provisions of Public Law 862, providing for a three-way split of remaining surplus property, would seriously hamper a smooth transition to a single permanent property management agency, and it is believed that the purposes of economy and efficiency could be better served by retaining such functions under one agency, as is now the case, until such permanent legislation can be enacted.

The supplemental appropriation estimate, together with language which would extend the War Assets Administration until June 30, 1949, or such earlier date as might be established by legislation, was submitted to the Speaker of the House by the President on January 24, 1949. Subsequently the Deficiency Subcommittee of the House Appropriations Committee held hearings and recommended approval to the House Appropriations Committee of the language and an appropriation of funds as asked by the President. However, due to other highly controversial matters contained in the bill, which do not relate to War Assets Administration, it seems probable that its enactment will be delayed slightly beyond February 28, 1949. Should this occur, a number of serious problems will arise. For your consideration, a few of these problems are outlined below:

(1) The War Assets Administration is responsible for protection and maintenance of over 1,300 surplus real properties, representing more than \$2,000,000,000 in acquisition cost. Effective March 1, 1949, this operation will cease, leaving these properties unprotected except by local law enforcement agencies.

(2) Contractual and other relationships with purchasers of surplus property will be jeopardized. There will remain on March 1 an estimated \$37,500,000 of personal property, consisting of 47,000 tons, which has been sold but not delivered to the purchasers. All such property would remain undelivered and unprotected. Actions to adjudicate a substantial number of pending claims and to collect sizable accounts receivables due the Government will terminate.

(3) Disposal actions on the remaining 2.3 billion dollars of surplus property in WAA inventory as of February 28, 1949, will cease.

(4) The liquidation of the surplus property disposal program, involving such matters as the final audit and the reconciliation of accounts and the preservation and retirement of records, will be substantially delayed.

(5) The orderly transfer of the remaining functions of the War Assets Administration to a single property management agency, as proposed by the President, will be a more costly and complicated process if these functions are divided among four agencies effective February 28, 1949, as provided in Public Law 862.

(6) No action has been taken to provide funds to the receiving agencies to take care of this property if it were transferred.

For these reasons and in consideration of the fact that only 14 legislative days remain between now and the termination of War Assets Administration, as set forth in Public Law 862, I recommend the enactment of the draft bill. If the Congress enacts this bill and it is signed by the President, then War Assets Administration can carry out its functions for a short period until the deficiency bill can be enacted.

Cordially yours,

JESS LARSON, Administrator.

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SURPLUS PROPERTY DISPOSAL

Effective [February 28, 1949] *June 30, 1949*, the office of War Assets Administrator is abolished and the War Assets Administration shall cease to exist as an agency of the Government and its affairs, functions, and responsibilities shall thereafter be disposed of and liquidated in accordance with the following:

(1) All powers, authority, functions, and responsibilities of the War Assets Administrator and of the War Assets Administration pertaining to surplus real property, which as used herein shall mean land and interests in land together with buildings, fixtures, facilities, utilities, equipment, and other property located thereon or adapted to use in connection with such property for its highest and best use, and all right, title, and interest in notes, mortgages, and contracts of sale or lease in connection with surplus real property shall be transferred to the Reconstruction Finance Corporation, to be held and disposed of by such Corporation in accordance, except as provided herein, with the terms of the Surplus Property Act of 1944, as amended;

(2) All aircraft and aircraft parts shall be transferred to the Department of the Air Force to be held and disposed of by such Department in accordance, except as provided herein, with the terms of the Surplus Property Act of 1944, as amended;

(3) All personal property (other than aircraft and aircraft parts), except such as may be necessary to the liquidation of the War Assets Administration or the exercise of the functions transferred herein, shall be transferred to the Bureau of Federal Supply, Treasury Department, to be held and disposed of by such Bureau in accordance, except as provided herein, with the terms of the Surplus Property Act of 1944, as amended;

(4) Except as necessary to the administration of the functions herein transferred to the Department of the Air Force, the Reconstruction Finance Corporation, and the Bureau of Federal Supply, all administrative property, records, and accounts of the War Assets Administration shall be transferred to the Treasury Department for liquidation of the affairs of the War Assets Administration;

(5) Such administrative property, records, and personnel of the War Assets Administration as determined by the Director of the Bureau of the Budget to be necessary to the administration of any of the functions herein transferred shall be transferred to the agency to which such function is transferred: *Provided*, That the right to retention in employment by the Government of the personnel so transferred shall be neither greater nor less than such right would have been had the War Assets Administration continued as an independent agency of the Government;

(6) The provisions of section 9 of the Reorganization Act of 1945 (Public Law 263, Seventy-ninth Congress) shall apply to the transfers effected by this paragraph in like manner as if such transfer were a reorganization of the agencies and functions concerned under the provisions of that Act;

(7) Priorities and preferences provided for in the Surplus Property Act of 1944, as amended, shall not continue beyond August 31, 1948, as to the disposal of personal property but shall continue as to the disposal of real estate;

(8) The agencies herein authorized to dispose of surplus personal property may, after the date of enactment hereof, transfer any of such property without charge to any other agency of the Government if such property, by such transfer, can be put to public use by the transferee agency;

(9) The agencies herein authorized to dispose of surplus property shall proceed with due diligence and use all reasonable means within the purview of this Act and the Surplus Property Act of 1944, as amended, to accomplish such purpose at the earliest practicable date and shall report to the Committees on Appropriations of the Senate and the House of Representatives at the end of each month as to progress made;

(10) The Secretary of the Treasury, the Secretary of the Air Force, or the Chairman of the Board of Directors of the Reconstruction Finance Corporation may authorize the abandonment, destruction, or donation to public bodies of personal property herein transferred to their respective agencies which has no commercial value or the estimated cost of care and handling of which would exceed the estimated proceeds from its sale;

(11) The Surplus Property Act of 1944, as amended, shall not apply to property of the Government which has not been declared surplus under the terms of such Act as of the date of enactment hereof and any such property determined to be surplus shall be disposed of in accordance with the terms of other existing law.

SALARIES AND EXPENSES, WAR ASSETS ADMINISTRATION, SPECIAL FUND

Salaries and expenses: There is hereby appropriated from the special fund account in the Treasury as provided for in the First Deficiency Appropriation Act, 1946, not to exceed \$65,000,000, which may be apportioned for obligation during the period ending [February 28, 1949,] *June 30, 1949*, for necessary expenses of the War Assets Administration established by Reorganization Plan Numbered 1 of 1947; for allocation or reimbursement by the War Assets Administrator to Government agencies designated by the Administrator as disposal agencies by or pursuant to law, and for payment to Government agencies designated by the Administrator for rendering special services in connection with the disposal of surplus property, in such amounts as shall be approved by the Bureau of the Budget; and for allocation or reimbursement to owning agencies for the care and handling (including pay and allowances and subsistence of military and naval personnel) of surplus property subsequent to the filing of a declaration of surplus covering such property with a disposal agency designated by the Administrator, or, if the Administrator prescribes procedures whereby declarations of surplus are made at approximately the time of disposal or removal, subsequent to notice by the owning agency to the disposal agency that property has been determined to be surplus and is subject to such procedures, such funds to be available for personal services in the District of Columbia; fees and mileage of witnesses at rates provided by law for witnesses attending in the United States courts (28 U. S. C. 600c); payment of claims pursuant to section 403 of the Federal Tort Claims Act (28 U. S. C. 921); services as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), and other special services and reports by contract without regard to section 3709 of the Revised Statutes, as amended, including real estate brokers and appraisers at rates of pay or fees not to exceed those usual for similar services; health service program as authorized by law (5 U. S. C. 150), (not to exceed \$73,000); acceptance and utilization of voluntary and uncompensated services; printing and binding; expenses of attendance at meetings of organizations concerned with the work of the Administration; procurement of supplies, equipment, reports, and services in connection with the care, handling, and disposition of surplus property without regard to the provisions of section 3709 of the Revised Statutes, as amended, upon determination by the Administrator or by any official designated by him for this purpose that such method of procurement is necessary; purchase and procurement of reports of experts or consultants or organizations thereof; advertising, including radio time; maintenance, operation, and repair of aircraft in the Territories and possessions in connection with disposal activities and, in the continental limits of the United States in connection with the disposition of aircraft and airports; acquisition of buildings, lands, leaseholds, and other interests therein, and temporary use thereof for the care, handling, and disposition of surplus property; payments to States or political subdivisions thereof of sums in lieu of taxes accruing against real property declared surplus to the Administration by Government corporations; advance of funds to Administration cashiers and collection officials upon furnishing bond, for the purpose of handling cash transactions and making change at surplus property sales: *Provided*, That any employee of the War Assets Administration is authorized, when designated for the purpose by the Administrator, to administer to or take from any person an oath, affirmation, or affidavit, when such instrument is required in connection with the performance of the functions or activities of the War Assets Administration: *Provided further*, That the Administration may procure by contract or otherwise and furnish to governmental employees and employees of Government contractors at the reasonable value thereof food, meals, subsistence, and medical supplies, emergency medical services, quarters, heat, light, household equipment, laundry service, and sanitation facilities, and erect temporary structures and make alterations in existing structures necessary for these purposes, when such employees are engaged in the disposal of surplus property, or in the preparation for such disposal, at locations where such supplies, services, equipment, or facilities are otherwise unavailable, the proceeds derived therefrom to be credited to this appropriation.

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Extending the office of the war
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